

INCOMING TELEGRAM

Department of State

INJUM

46-W

Action

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PRIORITY

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THIS MORNING WHEN KHRUSHCHEV SAID HE WISHED TO SPEAK PERSONALLY, FRANKLY AND CONFIDENTIALLY I COULD OF COURSE NOT CONTINUE TO TAKE NOTES AND HE SPOKE RAPIDLY IN RUSSIAN WITHOUT TRANSLATION. FOLLOWING IS THEREFORE TO BEST OF MY RECOLLECTION BUT SHOULD NOT BE TAKEN LITERALLY. IN EXPLAINING WHY SOVIET UNION DID NOT INTEND WAR AND BELIEVED WORLD WOULD EVENTUALLY GO COMMUNIST AND OUR GRANDCHILDREN LIVE UNDER COMMUNISM, HE SAID THIS WAS BECAUSE SOVIET SYSTEM WAS BETTER AND WHEN THIS WAS DEMONSTRATED EVEN WE WOULD ADOPT IT. HE THEN LAUNCHED INTO LONG HARANGUE, MUCH OF WHICH ALONG USUAL COMMUNIST LINES. HE REFERRED TO FACT THAT OUR STEEL MILLS WERE PRODUCING AT ONLY HALF CAPACITY AND SAID THIS COULD NEVER HAPPEN IN SOVIET UNION AND WAS FATAL HANDICAP TO US. HE HAD READ STATEMENTS BY PRESIDENT TRUMAN ABOUT OUR RATE OF PRODUCTION BUT SAID THE HIGH RATE IN US AT END WAR WAS DUE TO NECESSITY OF SUPPLYING WAR-TORN COUNTRIES. NOW EVEN JAPAN AND GERMANY WERE ABLE SELL IN US MARKET. HE WAS UTTERLY CONVINCED SOVIET WOULD EXCEED OUR PRODUCTION PER CAPITA BY 1970. HE MENTIONED UNEMPLOYMENT IN US AND REFERRED TO HIS CONVERSATION WITH AMERICAN LABOR LEADERS IN SAN FRANCISCO. HE CONTEMPTUOUSLY REFERRED TO THEM AS HAVING SOLD OUT TO CAPITALISM. HE REALIZED I WOULD NOT AGREE WITH SUCH APPRAISAL BUT THAT WAS HIS VIEW. HE REFERRED TO OPPORTUNITIES IN SOVIET UNION, CITING HIS OWN CASE. HE MENTIONED SOME FIGURES REGARDING SURPLUS AGRICULTURAL PRODUCTS IN US AND SAID "IMAGINE WHAT WE COULD ACCOMPLISH WITH OUR SYSTEM IF WE HAD SUCH SURPLUSES TO DISPOSE OF" AND THEN INDICATED THEY

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EXPECTED TO ACHIEVE THEM. HE SAID HE HAD READ STATEMENTS OF AMERICAN CONGRESSMEN AND OTHERS ARGUING AGAINST AMERICAN TOURISTS VISITING SOVIET UNION AND SAID IT WAS NATURAL THEY WOULD BE FAVORABLY IMPRESSED BY SOVIET UNION AFTER PICTURE THAT HAD BEEN PAINTED FOR THEM. HE SAID OUR TWO DEFECTORS HAD BEEN ASTOUNDED AT WHAT THEY HAD SEEN OF SOVIET UNION AND MENTIONED INCIDENTALLY THAT THEY WERE INTELLIGENT PEOPLE AND THAT SOVIET UNION HAD NOT KNOWN ABOUT THEM NOR HAD ANY RESPONSIBILITY FOR THEIR DEFECTION. HE SAID FRANCIS POWERS WAS ALSO A NOT UNINTELLIGENT FELLOW AND HAD BEEN MUCH IMPRESSED WITH WHAT HE HAD BEEN SHOWN ON TRIPS AROUND MOSCOW. HE SAID IN THESE CIRCUMSTANCES HOW COULD ANYONE IN HIS RIGHT MIND IN SOVIET UNION WANT TO SETTLE MATTERS BY WAR WITH AWFUL DESTRUCTION THIS WOULD BRING. HE SAID I HAD LIVED IN SOVIET UNION NOW FOR THREE YEARS AND HAD SEEN WITH MY OWN EYES PROGRESS THEY HAD MADE. HE OBSERVED THAT WE OFTEN SPOKE OF FREEDOM UNDER OUR SYSTEM BUT I SURELY HAD BEEN ABLE TO SEE THE EXTENT TO WHICH PEOPLE ENJOYED FREEDOM IN SOVIET UNION. HE STARTED TO SAY I WAS FREE TO GO ANYWHERE I LIKED BUT THEN CORRECTED THIS TO MOSCOW AND ITS ENVIRONS. HE EXUDED CONFIDENCE AND IT WAS IMPOSSIBLE NOT TO BE CONVINCED THAT HE GENUINELY BELIEVED WHAT HE WAS SAYING.

WHEN HE HAD FINISHED THIS LONG DISCOURSE I POINTED OUT HE HAD COVERED A LARGE FIELD AND THAT HIS TIME WAS LIMITED AS THIS WAS HIS LAST DAY IN MOSCOW. I WOULD THEREFORE NOT DEAL WITH ALL POINTS HE HAD MADE. I SAID I WAS GLAD HE BELIEVED THEY COULD WIN THROUGH ECONOMIC COMPETITION SINCE THIS MEANT THEY DID NOT INTEND USE FORCE. I HAD NO REASON THEREFORE TO DISABUSE HIM OF HIS CONVICTION BUT RATHER THAN ARGUE SOME OF THE ECONOMIC POINTS HE HAD MADE I WOULD SEND HIM TWO ARTICLES BY AMERICAN ECONOMISTS WHICH WOULD SUMMARIZE FOR HIM SOME THINKING IN US ON QUESTION OF ECONOMIC COMPETITION. (I LATER SENT HIM ARTICLES BY WILLARD THORPE AND W. ROSTOW CONTAINED IN PART III OF JOINT ECONOMIC COMMITTEE OF CONGRESS ON COMPARISONS OF US AND SOVIET ECONOMIES.) I SAID BOTH OUR SYSTEMS HAD STRENGTHS AND WEAKNESSES. THEY FREQUENTLY SPOKE OF OVERTAKING US IN BUTTER PRODUCTION BUT

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WE HAD ALL THE BUTTER WE COULD USE AND WHY SHOULD WE TRY TO OUT-PRODUCE THEM. THEIR RATE OF INDUSTRIAL PRODUCTION WAS HIGHER THAN OUR'S BUT OUR SYSTEM WAS GEARED TO PRODUCE WHAT WE NEEDED. HE INDICATED HIS AGREEMENT WITH THIS. I SAID HOWEVER I WISHED PARTICULARLY TO DRAW HIS ATTENTION TO WHAT I CONSIDERED AN ERROR IN THEIR THINKING; THIS WAS THEIR TENDENCY TO OVER-SIMPLIFY QUESTION OF US MOTIVES IN FOREIGN RELATIONS. I SAID THEY TENDED TO INTERPRET THEM ENTIRELY IN TERMS OF CLASS WARFARE AND THIS WAS QUITE WRONG. HE HAD MENTIONED REPEATEDLY MONOPOLY CAPITALISM AND I SAID THAT WHILE PROFIT MOTIVES COULD ON OCCASION ENTER INTO THESE THINGS, THIS FACTOR VERY MINOR. I SAID WE WERE FULLY AS CONFIDENT AS HE WAS IN OUR SYSTEM AND WOULD WELCOME PEACEFUL COMPETITION TO SHOW WHICH WAS BETTER.

REFERRING BACK TO THAT PART OF HIS CONVERSATION WHICH RELATED TO U-2, I SAID ONE THING HAD VERY MUCH STRUCK ME IN WHAT HE SAID NOW AND IN MANY PREVIOUS STATEMENTS BY HIMSELF AND OTHERS IN SOVIET GOVT; THAT WAS REFERENCES TO BEING TREATED AS EQUALS, HUMILIATION, SOVIET POWER, ETC. I SAID I KNEW THERE WAS NEVER ANY INTENTION TO HUMILIATE SOVIET UNION OR DISCOUNT THEIR POWER. I HAD LIVED LONG TIME IN BOTH COUNTRIES AND THOUGHT TO SOME EXTENT I WAS IN POSITION TO UNDERSTAND BOTH POINTS OF VIEW. NO QUESTION THAT BOTH OUR PEOPLES WANTED PEACE AND THAT NEITHER GOVT WANTED WAR. SINCE EACH KNEW THIS TRUE, EACH TENDED TO REGARD HIS OWN ACTIONS AS PURELY DEFENSIVE BUT THIS WAS NOT VIEW TAKEN BY OTHER SIDE. THERE WAS DISTRUST, SUSPICION, AND EVEN FEAR ON BOTH SIDES AND THIS ACCOUNTED FOR SOME ACTIONS OF THOSE RESPONSIBLE FOR SECURITY.

KHRUSHCHEV REPEATED THEY DESIRED UNDERSTANDING AND DID NOT THEMSELVES INTEND DO ANYTHING PROVOCATIVE, AT WHICH POINT I AGAIN PRESSED FOR RELEASE OF RB-47 FLIERS.

THOMPSON

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